

[8/4/78-8/6/78] President's Trip to North Carolina & Virginia

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: [8/4/78-8/4/78] President's Trip to North Carolina & Virginia; Container 87

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE PRESIDENT'S SCHEDULE

Saturday - August 5, 1978

8:00 **Dr. Zbigniew Brzezinski - The Oval Office.**

9:05 **Depart South Grounds via Helicopter en
route Norfolk, Virginia and Wilson,
North Carolina.**

THE PRESIDENT'S SCHEDULE

Sunday - August 6, 1978

9:50 Depart South Grounds via Motorcade
en route First Baptist Church.

10:00 Sunday School.

11:00 Morning Worship Service.

PRESIDENT JIMMY CARTER

NORFOLK NAVAL BASE, VIRGINIA

SATURDAY, AUGUST 5, 1978, 11:30 A.M.

(AREPT?)

SEN STENNIS, EASTLAND, FINCH,
SEC BROWN, SEC CLAYTON, ADM RICKOVER, KIDD,

CAPT HERMAN

2.1
1.6
3675 m

GOOD MORNING. IT'S GOOD TO BE BACK HERE AT THE NORFOLK NAVAL BASE,
AFTER SO MANY YEARS.

WHEN I WAS IN THE NAVY, I WAS STATIONED HERE IN NORFOLK, SERVING
ON USS MISSISSIPPI.

THE EX-BATTLESHIP WAS CONVERTED INTO AN EXPERIMENTAL GUNNERY AND
RADAR SHIP, ON WHICH WE TRIED OUT MANY NEW NAVAL TECHNIQUES. 5"54

THEY WERE NOT AS EXCITING AS THE NEW DEVELOPMENTS IN TODAY'S NAVY,
BUT AFTER WORLD WAR II THEY STARTED US ON THE ROAD TO INNOVATION AND
FLEXIBILITY THAT HAS KEPT OUR NAVY STRONG.

(--OVER--)(IT IS A PLEASURE TO SHARE.....)

2

IT IS A PLEASURE TO SHARE THIS OCCASION WITH REPRESENTATIVES OF
THE PEOPLE OF MISSISSIPPI.

I AM VERY GLAD TO SEE HERE MISSISSIPPI'S GOVERNOR CLIFF FINCH,
AND HIS DAUGHTER, JANET, WHO IS USS MISSISSIPPI'S SPONSOR.

I'M ALSO GLAD THAT MARINE CORPS COMMANDANT GENERAL LEWIS WILSON,
ANOTHER SON OF MISSISSIPPI WHO HAS DEVOTED HIS LIFE TO OUR NATION'S
SERVICE, COULD BE WITH US FOR THIS CEREMONY.

MOST OF ALL, I AM HONORED TO SHARE THE DAIS WITH SENATOR JAMES
EASTLAND AND SENATOR JOHN STENNIS. EASTLAND- PRES PRO TEM
CHM JUDY

SENATOR STENNIS HAS WORKED LONG AND HARD, AS CHAIRMAN OF THE
SENATE ARMED SERVICES COMMITTEE, TO PROMOTE OUR NATIONAL SECURITY.

(--NEW PAGE--)(IT'S VERY FITTING THAT,...)

IT'S VERY FITTING THAT THIS NEW GUIDED MISSILE CRUISER BE NAMED FOR THE HOME STATE OF A MAN WHO HAS DONE SO MUCH TO KEEP OUR NATION SAFE AND STRONG.

IN THIS CEREMONY TODAY, WE ARE COMMEMORATING THE SOURCES OF OUR NATION'S STRENGTH,...HONORING THE MEN AND WOMEN WHO DEFEND IT,...AND REDEDICATING OURSELVES TO THE PRINCIPLE THAT OUR NATIONAL DEFENSE IS THE SUREST PROTECTOR OF OUR LIBERTY.

EXACTLY TWO HUNDRED YEARS AGO, EARLY IN OUR WAR FOR INDEPENDENCE, THAT PRINCIPLE LED US TO COMPLETE OUR FIRST ALLIANCE, WITH THE GOVERNMENT OF FRANCE.

(--OVER--)(FIFTEEN HUNDRED MILES FROM WHERE.....)

FIFTEEN HUNDRED MILES FROM WHERE WE STAND, IN THE TOWN OF PASCAGOULA, MISSISSIPPI, THE AMBASSADOR OF FRANCE IS TODAY COMMISSIONING A NEW AMERICAN DESTROYER, THE "KOHLT DUH GRAHS", (Comte de Grasse).

THESE TWIN CEREMONIES UNDERScore OUR UNITY WITH THE GREAT DEMOCRACIES OF THE WORLD IN DEFENDING FREEDOM EVERYWHERE.

THE VESSEL WE ARE COMMISSIONING HERE ITSELF EMBODIES OUR TRADITION OF STRENGTH.

THIS IS THE FOURTH MISSISSIPPI -- THE FOURTH TO ADVANCE OUR NATION'S INTERESTS IN PEACE AND MAINTAIN OUR SECURITY IN TIME OF WAR.

HER PREDECESSORS SERVED OUR NATION DURING SOME OF THE MOST CRUCIAL PERIODS IN OUR HISTORY.

(--NEW CARD--)(THE FIRST MISSISSIPPI.....)

THE FIRST MISSISSIPPI WAS COMMODORE PERRY'S FLAGSHIP ON HIS
HISTORIC VOYAGE TO JAPAN.

THE SECOND SAILED WITH PRESIDENT THEODORE ROOSEVELT'S "GREAT
WHITE FLEET," SERVING NOTICE OF AMERICA'S EMERGENCE AS A NAVAL POWER.

AND THE BATTLESHIP MISSISSIPPI EARNED EIGHT BATTLE STARS IN
WORLD WAR II, PARTICIPATING IN MANY OF THE WAR'S MOST IMPORTANT PACIFIC
ENGAGEMENTS.

I AM PROUD TO HAVE SERVED AS A YOUNG OFFICER ON THAT LAST
MISSISSIPPI.

I AM EQUALLY PROUD TO BE HERE TODAY AS THIS NEW MISSISSIPPI ASSUMES
THIS GREAT HERITAGE, AND THESE GREAT RESPONSIBILITIES. *NUKE CRUISER-*
TASK FORCE - E NIMITZ ? - 58%
(--OVER--)(THIS IS AGAIN AN IMPORTANT.....)

THIS IS AGAIN AN IMPORTANT TIME IN OUR NATION'S HISTORY.

IN RECENT YEARS, WE SAW CONFIDENCE IN OUR GOVERNMENT AND OUR NATION
FALTER, AND BELIEF IN OUR NATIONAL STRENGTH AND CHARACTER CALLED INTO
QUESTION.

BUT OUR COUNTRY HAS RESPONDED TO THIS CHALLENGE, AS WE HAVE RESPONDED
TO ALL CHALLENGES IN OUR HISTORY.

WE HAVE NOT -- AND WE WILL NOT -- BECOME A SECOND-RATE POWER.

WE MAINTAIN THE GREATEST ARSENAL ON EARTH, TO PROTECT AND PRESERVE
OUR FREEDOM AND LIBERTY.

WE POSSESS THE FINEST SERVICEMEN AND WOMEN IN THE WORLD --
PEOPLE OF DEDICATION, CONVICTION, AND COURAGE.

(--NEW CARD--)(WE HAVE PUT OUR NATIONAL.....)

WE HAVE PUT OUR NATIONAL REPUTATION FORWARD, AND ARE KNOWN ONCE
AGAIN AS THE DEFENDER OF BASIC AND INALIENABLE HUMAN RIGHTS ACROSS THE
GLOBE.

AND WE HAVE RESTORED THROUGHOUT OUR COUNTRY THE CONFIDENCE THAT
THE UNITED STATES STANDS STRONGEST AMONG NATIONS, AND ALSO STANDS FOR
WHAT IS RIGHT.

WE ARE RESPECTED BY OUR ^{Foes} FOES FOR OUR STRENGTH OF ARMS;...
WE ARE RESPECTED BY OUR FRIENDS FOR OUR STRENGTH OF CONVICTION.

WE ARE MEETING THE CHALLENGE OF THIS GREAT AGE, AND WE WILL
CONTINUE TO MEET THE CHALLENGES OF THIS AND FUTURE ERAS.

(--OVER--)(I HAVE PLEDGED AS PRESIDENT --....)

I HAVE PLEDGED AS PRESIDENT -- AND AS A NAVY MAN -- THAT THE
UNITED STATES WILL MAINTAIN MILITARY,...AND NAVAL..., FORCES SECOND
TO NONE.

WE WILL CONTINUE THE DEVELOPMENT AND MODERNIZATION OF THE
SUBMARINE-LAUNCHED BALLISTIC MISSILE COMPONENT OF OUR STRATEGIC NUCLEAR
TRIAD,....TO ENSURE THAT NO POTENTIAL ADVERSARY WOULD DARE THREATEN OUR
SECURITY.

WE WILL ENHANCE AND SUPPORT OUR STRATEGIC CAPABILITIES WITH
CONVENTIONAL WEAPONS SUCH AS THIS NEW CRUISER.

SHIPS LIKE THE MISSISSIPPI ALSO PLAY A VITAL ROLE IN OUR AIR DEFENSES
AND IN UPGRADING OUR ANTI-AIR-WARFARE ABILITIES.

(--NEW CARD--)(WE WILL CONTINUE TO.....)

WE WILL CONTINUE TO DISPATCH OUR NAVAL FORCES TO PATROL THE
WATERS OF THE WORLD, AND KEEP THEM SAFE FOR OURSELVES AND OUR ALLIES.

OUR NAVY, WITH SHIPS SUCH AS THE MISSISSIPPI, WILL ALWAYS REMAIN
A STRONG REMINDER TO OUR FOES, AND A SOURCE OF REASSURANCE TO OUR FRIENDS.

THIS GREAT NEW FIGHTING SHIP UNDERScores OUR COMMITMENT TO THE
SECURITY OF OUR OWN PEOPLE AND THOSE OF OUR ALLIES,OUR DEDICATION
TO DEVISING AND DEPLOYING THE FINEST FORCES ON EARTH,AND OUR SPIRIT
OF FAITH IN OUR NATION AND DEVOTION TO THE CAUSES WHICH HAVE MADE IT
GREAT.

(--OVER--)(THIS SPIRIT OF FAITH AND DEVOTION....)

THIS SPIRIT OF FAITH AND DEVOTION IS EVIDENCED NOWHERE BETTER THAN
IN YOU -- THE MEN AND WOMEN OF OUR ARMED FORCES.

I KNOW THAT ALL AMERICANS SHARE WITH ME A DEEP APPRECIATION FOR
YOUR EFFORTS AND DEDICATION.

YOU ARE THE MOST IMPORTANT ELEMENT OF OUR NATION'S DEFENSE AND
I AM DETERMINED THAT ALL OUR SERVICE PERSONS RECEIVE THE RECOGNITION
YOU DESERVE.

ON THIS OCCASION, AS WE REAFFIRM OUR DEDICATION TO KEEPING THOSE
DEFENSES STRONG, WE MUST PROCEED -- IN THE WORDS OF THIS SHIP'S MOTTO,
AND THE STATE MOTTO OF MISSISSIPPI -- "VER-TOO-TAY ET ARE-MEECE":
"WITH VIRTUE, AND WITH ARMS."
(Virtute Et Armis)

(--NEW CARD--)(OUR STRENGTH WILL NOT FALTER,...)

OUR STRENGTH WILL NOT FALTER, NOR WILL OUR DEDICATION TO THE
IDEALS WHICH HAVE GUIDED OUR NATION SINCE ITS INCEPTION.

WE WILL REMAIN A NATION FOUNDED IN FREEDOM.

WE WILL MAINTAIN OUR FREEDOM GROUNDED IN STRENGTH.

#

THE WHITE HOUSE
WASHINGTON

8/5/78

Mr. President:

1. John Ingram wants to announce the Sept. 15 fundraiser after your visit today.
2. Ingram is not inclined to invest in a poll. Caddell gave me an estimate of ~~\$~~12,000 for a good indepth poll which could be ready by Labor day. You might want to push Ingram on this. All the pols in N.C. feel he needs one.

Phil

ASEAN mtg. 8/4/78

Indonesia. Min. Wee-Jay-oh

Singapore. Rajaratnam (FM)
Lee-kneip

Malaysia. Rithanddeen

Thailand. Upadit (FM)

PM Kriangsak → us '79

Philippines - Romulo
Imelda Marcos

Int in SE Asia

Econ progress - growth
private investment
free trade, development

Refugees

Cam vs VN effect (Upadit)

us help. Romulo

CARTER LIBRARY STAFF NOTE

Original retired for preservation due to water damage.

WILSON RALLY / RUFUS EDMISTEN
JIM GRAHAM (NAME TOWN)

SEN MORGAN - GOV HUNT -

SEN INGRAM - FOUNTAIN

WIDE AWAKE WILSON - ROOSTER

CONG. JONES

WIDE AWAKE SOMETHING REGULAR

NEW ALCESTES

SISTER - PH. TOBACCO, '76 -

CONG. & GOV

GOV MORGAN - MORT - COBACCO

HUNT

JUNIOR FARMERS - DOUGLASS

WHITE -

CONG. JONES, MORT - PRAYER

CHAND. BETA - BAIN (WILSON)

INS COMM - JOHN INGRAM

UNDERSTAND WIN

DISCRIM. VS. WOMEN

INS. RATES { YOUNG FARMERS

TOBACCO FARMERS

VER. REPORTS & TOBACCO LEADS

WIDE AWAKE

AG - WILSON (74-3) - 1AFL -

1950-76-78-80

MISS. STENNIS - EASTLAND -

FINCH - DANTIN - JOHN HAMPTON -

BOWEN - MONTGOMERY

N.C. MORGAN - HUNT - INGRAM

R EDMISTEN - LRG JIMMY GREEN -

JIM GRAHAM (AG) - WHITLEY (B)

PREYER (6) - FOUNTAIN (2) - JONES (1)

Unemp 75 → 3? = 36

WILSON - LARGEST FINE CURED MKT

STABILIZES PRICES - SMALL FARMERS

"4-LEAF PROGRAM"

JOKE - CALIFANO - BRICKS

WIDE AWAKE WILSON - ROOSTER

LITTLE HOMINY SWAMP

#4 ml MAN - BIONIC - OUT OF STATE

TOBACCO - SMOKE SOMETHING

REGULAR

JOHN INGRAM & I - DIFF = POLLS

Jim Graham - Lorkey
'76 - United

John Ingram diff
polls

Right wing money

Not worry about
elections in future

Charlie
Cong. Whitley

Wilson, North Carolina
John Ingram/Rally
Saturday, August 5, 1978

THE WHITE HOUSE
WASHINGTON

BUREAU - 1100 + 1000 OSHA

DEFENSE - BUDGET - ENERGY

DEFENSE = 2115 + 1560 = 3675

HOSP COST COST

SEYMOUR JOHNSON AFBASE

PEACE

HUMAN RTS

TEAM

JOHN INGRAM

8/4/78

THE WHITE HOUSE
WASHINGTON

Ag Credit Asst Act '78

Farm & Rural Credit 40%

Emergency loan

Update - H₂O & waste

Low int for begin & low

inc int for those who mean

Indep. no hand outs

1977 Act Fair prices

Resource

THE WHITE HOUSE
WASHINGTON

rick--

memos, etc., re saturday
trip...which president
has seen.

-SSC

file

THE WHITE HOUSE

WASHINGTON

August 3, 1978

ADMINISTRATIVELY
CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

Frank Moore *F.M./LF*
Les Francis *Les Francis*

SUBJECT:

L. H. Fountain

As you know, Supplementary Fiscal Assistance was voted down on Wednesday, August 2, in Fountain's subcommittee of Government Operations. We lost by one vote (7-6).

L. H. Fountain not only opposed Supplemental Fiscal Assistance, he went to great ends to embarrass the Administration.

Throughout the weeks leading up to Wednesday's committee activity he was almost entirely unreceptive to Administration efforts to communicate with him. He made numerous requests of Treasury for data but rarely gave us any substantive feedback -- in the last few weeks he refused even to return phone calls from Stu and Deputy Secretary Carswell.

During Wednesday's session, Fountain permitted almost no discussion and railroaded his amendment to postpone consideration even though Les Aspin had indicated a desire to offer a number of amendments to make the bill more acceptable to some of its critics. At one point, Fountain limited Aspin to five seconds in which to speak.

In short, Fountain refused to cooperate even to the extent of permitting a fair discussion of the merits of the highest priority component of the Urban Policy.

- Recommendation: That you make Fountain aware of your displeasure while in the presence of his colleagues.
- Suggested Time: Immediately before the Democratic Unity Luncheon in Wilson, North Carolina.
- Talking Points: See Attached.

Fountain's overall level of support for Administration-backed programs has been 32.6%. He ranks 258 out of 288 Democrats.

ADMINISTRATIVELY
CONFIDENTIAL

TALKING POINTS


1. Your highly negative approach with both Administration officials and Members of your subcommittee on the issue of Supplemental Fiscal Assistance has severely damaged the Administration's chances to enact the highest priority component of the Urban Policy.
2. You obviously oppose our approach to providing fiscal assistance to areas in need; translating that opposition into a public embarrassment for the Administration was unnecessary.

Democratic Unity Luncheon
Wilson, North Carolina
Saturday, August 5, 1978
Subject: L. H. Fountain

THE VICE PRESIDENT
WASHINGTON

August 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT 
SUBJECT: YOUR TRIP TO NORFOLK, VIRGINIA, AUGUST 5:
NEWPORT NEWS SHIPBUILDING'S ATTEMPT TO
REVERSE THE NAVY'S DECISION TO MODERNIZE
THE CARRIER SARATOGA IN PHILADELPHIA

Last April the Navy announced that the Saratoga would be transferred to the Philadelphia Naval Yard in 1981 as the first of four Forrestal class carriers to be refurbished under the Service Life Extension Program (SLEP).

The Newport News Shipbuilding Company which expected to get the Saratoga, its corporate parent Tennaco, Southeast Virginia community and business leaders and Virginia politicians are undertaking a well financed public relations, lobbying and legal campaign to reverse the Navy's decision. The campaign is part of an effort by Newport News to prevent the loss of 5-6000 jobs as a result of cutbacks in both commercial and Navy new ship construction. While the Saratoga and other Forrestal carriers are not related to this job loss, securing the SLEP business has become a major symbol in what will be portrayed as a fight for the survival of Virginia's largest employer.

Consequently, you can expect press questions, certainly in Virginia and perhaps in North Carolina where about 5000 of the 24,000 Newport News Shipbuilding employees live.

Attached are background materials (Tab A) and possible questions and suggested answers (Tab B).

BACKGROUND BRIEFING ON THE SARATOGA CONTROVERSY

On April 14, 1978 the Navy announced that the carrier Saratoga will be transferred to Philadelphia as the first of four Forrestal class carriers to be refurbished under the carrier Service Life Extension Program (SLEP). While work will not begin on the Saratoga until fiscal year 1981, there will be a gradual buildup of new civilian employees resulting in the creation of approximately 2600 new jobs at the Philadelphia Naval Yard. The Vice President joined in the Navy's announcement saying that he was pleased that the decision would help alleviate the adverse effects of the Frankford Arsenal closing.

Following the Navy's announcement, the House and Senate Armed Services Committees, at the request of Paul Tribble (R-Va.) of Newport News and Senator Harry Byrd, amended the Defense Procurement Authorization bill to prohibit the Navy from implementing its decision until 60 days after the submission of a "least cost study" on the use of public as opposed to private ship yards for the carrier and guided missile destroyer modernization programs.

On June 7, Secretary Claytor submitted a cost comparison study on the SLEP program to the Senate and House Appropriations and Armed Services Committees. While this report indicated that it might cost approximately \$30 million more to refurbish the carriers at Philadelphia than at Newport News, the report cited other public policy and shipyard work load factors as justification for the Navy's decision. Thus, in the Navy's judgment, Navy and commercial new construction work at Newport News would make it impossible for Newport News to have sufficient dry dock capacity to accommodate the SLEP carriers.

On June 22, Newport News Shipbuilding wrote Secretary Claytor formally requesting that all the SLEP carriers be sent to Newport News. Newport News stated that it would now make available its North Yard facility which it had previously told the Navy was reserved for commercial ship construction. It also stated that it would now accept approximately 1500

BACKGROUND BRIEFING ON THE SARATOGA CONTROVERSY

On April 14, 1978 the Navy announced that the carrier Saratoga will be transferred to Philadelphia as the first of four Forrestal class carriers to be refurbished under the carrier Service Life Extension Program (SLEP). While work will not begin on the Saratoga until fiscal year 1981, there will be a gradual buildup of new civilian employees resulting in the creation of approximately 2600 new jobs at the Philadelphia Naval Yard. The Vice President joined in the Navy's announcement saying that he was pleased that the decision would help alleviate the adverse effects of the Frankford Arsenal closing.

Following the Navy's announcement, the House and Senate Armed Services Committees, at the request of Paul Tribble (R-Va.) of Newport News and Senator Harry Byrd, amended the Defense Procurement Authorization bill to prohibit the Navy from implementing its decision until 60 days after the submission of a "least cost study" on the use of public as opposed to private ship yards for the carrier and guided missile destroyer modernization programs.

On June 7, Secretary Claytor submitted a cost comparison study on the SLEP program to the Senate and House Appropriations and Armed Services Committees. While this report indicated that it might cost approximately \$30 million more to refurbish the carriers at Philadelphia than at Newport News, the report cited other public policy and shipyard work load factors as justification for the Navy's decision. Thus, in the Navy's judgment, Navy and commercial new construction work at Newport News would make it impossible for Newport News to have sufficient dry dock capacity to accommodate the SLEP carriers.

On June 22, Newport News Shipbuilding wrote Secretary Claytor formally requesting that all the SLEP carriers be sent to Newport News. Newport News stated that it would now make available its North Yard facility which it had previously told the Navy was reserved for commercial ship construction. It also stated that it would now accept approximately 1500

members of the carrier's crew to supplement its own work force, the same number which the Navy had planned to use at the Philadelphia yard.

On July 17, Lieutenant Governor Chuck Robb informed the Vice President's office that he had agreed to become chairman of a group of Newport News community and business leaders who are planning a major public relations/political campaign to reverse the Saratoga decision. According to Robb, the campaign, financed with Tennaco money, will involve a nationwide media campaign, hearings before Congressional committees and a law suit alleging that the Navy failed to follow proper statutory and administrative procedures. The campaign will include allegations, supported by a GAO study now in process and cost studies by national accounting firms, that ship modernization work costs 30 to 40 percent more in public yards and that the SLEP program will cost \$100 million more at Philadelphia than at Newport News.

On July 27, the Vice President met with Charles Duncan to discuss these developments. In Duncan's view, Navy work at Newport News is expected to remain fairly level through 1979 and into 1980, accounting for about 15,000 total employment out of approximately 24,000 total work force. However, Newport News's commercial work is expected to wind down over the next year-and-a-half resulting in a reduction of about 5000 employees. These layoffs are, in part at least, the result of the loss of a major commercial liquified natural gas tanker shipbuilding contract to General Dynamics. The job loss is thus unrelated to Saratoga-SLEP. The Saratoga is nevertheless the symbol which is being used by Tennaco and the Chuck Robb committee in a major effort to redress Newport News's expected serious employment problems.

In Duncan's view, Newport News has not provided the Navy with consistent information regarding the availability or suitability of its North Yard facilities, heretofore reserved for commercial shipping, for Navy work. The Navy beleives that there may be physical problems entailed in the use of the North Yard for carrier work. In addition, Duncan reports, Tennaco may well go ahead and build four liquified natural gas carriers starting in 1980 which would make difficult, if not preclude, the use of the North Yard as Newport News has offered.

On July 28 the Vice President met privately with Lieutenant Governor Chuck Robb at Robb's request. Robb indicated he had, thus far successfully, persuaded Tennaco and the committee which he chairs to hold back its public relations/legal campaign pending his efforts to work with the Vice President and the Administration. He nevertheless said that they were ready to go and have what he views as "an unbeatable PR case" which would take advantage of the perception, albeit erroneous, that the Navy's decision to send the Saratoga to Philadelphia was politically motivated and made at the request of the Vice President. He said his group was determined even though he admitted that if Newport News were successful in securing SLEP carriers that would not alleviate Newport News's near term employment problems.

The Vice President told Robb that the kind of public confrontation planned by Tennaco and his committee could only be counter-productive in the long run and urged him to meet with Claytor in a good faith effort to discuss Newport News's problems.

Later the same day Robb met with Claytor who indicated that the Navy was awaiting additional information from Newport News Shipbuilding upon receipt of which it would conduct its own independent evaluation of Newport News's problems and its present and future dry dock capacity.

Robb sought to assure Claytor that he would try to keep the situation in Virginia on a rational level but he did not promise that he would try or be able to keep the lid on Tennaco or his committee's public campaign to reverse the Philadelphia decision.

Attached is a Richmond Times Dispatch article which summarizes Newport News Shipbuilding and Dry Dock Company's present and prospective problems.

Shipyard's Uncertain Fate Said to Rest With U.S.

By Sam Barnes

Times-Dispatch State Staff

NEWPORT NEWS — A major depression has hit the nation's shipbuilding industry, and Newport News Shipbuilding and Dry Dock Co., the world's biggest shipyard and Virginia's largest private employer, has already laid off 1,000 workers and is bracing for further setbacks.

Related story, Page B-1

The yard's construction pace has slowed, and the future appears dim. The giant yard, rising from the banks of the James River, is getting no orders for ships.

There is a surplus of commercial vessels worldwide and the Carter administration has proposed cuts in Navy construction, the bread and butter for the yard.

Times-Dispatch Reader Special

Employment at the 42 major U.S. shipyards is expected to drop about 25 percent as the shipbuilding slump worsens over the next few years.

Loss of 40,000 to 50,000 jobs from the nationwide yard pool of 170,000 was predicted by Edwin M. Hood, president of the Shipbuilders' Council of America in Washington. "You really have as much as a three-year lead time involved in the building of new ships. So this depression will continue in the early 1980s," he said.

Newport News Shipbuilding's 24,000 employees already have found that their jobs are on the line.

ON JUNE 23, the shipyard laid off 1,000 workers,

citing "unfavorable economic and market conditions."

"If we are to have a chance at what little business there is on the horizon," he explained, "we must control our costs, and we must be a leaner, more efficient organization. The alternative is to lose our competitive position, and we do not want this to happen."

Speculation about other major layoffs have circulated throughout Newport News in subsequent weeks, although the shipyard has remained officially silent on its plans.

Shipyard sources, however, will not argue privately with estimates that as many as 5,000 workers will be laid off if major contracts are not forthcoming.

The impact of such a slowdown could be dramatic, not just for Newport News workers, but for the city, which is largely built around the yard, and for the entire Peninsula, which depends heavily upon the yard for jobs and business.

YEARLY, THE YARD PAYS more than \$430 million in wages and benefits. It buys \$77 million worth of goods and services from other Virginia companies, most of them in the Hampton Roads area. It pays more than \$4.5 million in local taxes and sends to the state \$12.5 million in income taxes from workers' wages.

Much of the money is spent and re-spent in the state and weighs heavily in the economic health of southeastern Virginia.

As a result, every job lost at the yard probably means a job lost somewhere else in the area, according to Albert W. Schlim, Newport News director of commerce.

"If you lose a job, in little bits and pieces up and down the line, you'll lose another person's job. You'll see the sales level drop, and you will see the profit level drop."

On the grounds of the 470-acre shipbuilding com-

Continued on Page 12, Col. 1

U.S. May Hold Shipyard's Fate

Continued From First Page
plex, work is tapering off.

The yard has four contracts to build commercial ships — two to be completed by the end of this year, one in the spring of 1979 and one in late 1979, according to spokesman Tom Olds.

On July 7, the yard agreed to terminate a contract with the Zapata Corp. for a \$150 million tanker. The worldwide surplus of tankers forced Zapata to withdraw from the 1974 agreement or absorb major financial losses, the shipyard said.

The lead time on commercial ship construction — that is, the time from the signing of a contract until construction can begin — is six to 18 months, depending upon complexity of designs, Olds said. So if the shipyard is to keep all of its commercial yard workers busy building ships, it must land some new contracts soon.

"We've been looking for work," said James Griffith, public relations director. "But in the commercial business, there's nothing on the horizon."

AS FOR NAVY BUSINESS, the yard has nine submarines, an aircraft carrier and a cruiser under contract, Olds said.

Much of the Navy work is scheduled for completion by the end of 1980, although some of the work will continue into 1984, Griffith said.

There is an even chance the yard may get another aircraft carrier contract, according to its officials, and some chance it might get another guided missile cruiser contract. But the Navy construction budget is uncertain.

And Navy ships require even more lead time than commercial ships — from 18 to 24 months, Olds said.

The shipyard has not watched its market evaporate without trying to do something, its officials stress.

In 1972, Griffith noted, the yard began to diversify to lessen its dependence on Navy contracts.

It built a new commercial shipbuilding yard (but as one official has since noted, "We diversified into a collapsing market"); it expanded its subsidiary, Newport News Industrial Corp., to assume more of a financial role in the company; and most recently it has begun a push for more commercial repair work, advertising for repair jobs for the first time in years.

As a result, the yard has increased its non-government sales from 8 percent of its sales in 1972 to 35 percent last year, without sacrificing Navy jobs, Griffith said.

But outside forces have begun to play havoc with the groundwork the company has laid.

THE MOST DAMAGING FORCE, according to shipyard officials, has been the federal government and its action, or inaction, involving America's shipyards.

The company maintains that while the shipyards have sought help from the government, the current administration has instead followed a discouraging course.

Cousins has laid much of the blame for the shipyard's recent layoffs on the doorstep of the federal bureaucracy.

He has criticized Congress for failing to adopt a national cargo bill "that would promote the use of American-built ships and that would save tens of thousands of jobs held by American shipbuilders."

Such legislation, which would have required American companies to ship a larger portion of their cargoes on American-built ships, died in Congress last year. American shipyards, which are having trouble competing with the foreign yards that are heavily subsidized by their governments, were dismayed by the action.

Newport News Shipbuilding, for example, has competed with a government-subsidized Japanese firm that has submitted bids lower than the cost of materials, just to keep workers on the job, Griffith said.

WITH SUCH COMPETITION, U.S. yards need more government help, he argued.

Cousins also has criticized federal inaction on proposed liquefied natural gas imports, which would require construction of dozens of LNG tankers.

The Department of Energy has established a study group to look into the proposed imports, and the group has conducted hearing after hearing with little indication that it plans to take any action soon, said Alvin O. Winall, Newport News shipyard's manager of commercial sales and marketing manager.

If the administration would approve the imports, Winall said, the shipyard could expect a contract to construct as many as four ships for its parent company, Tenneco, and possibly more ships for other companies.

Three LNG import plans are ready to get under way if the administration will approve them, and those plans would require about 26 tankers, Winall said.

"That would give the shipyards in this country something to do," he said. "And they need it badly."

"There simply are not enough ships being authorized to keep all the private yards in business," he said.

THE CARTER ADMINISTRATION has cut deeply into the Ford administration's shipbuilding plans, reducing from 157 to 70 the number of Navy ships to be built over the next five years, according to the shipbuilders' council president, Hood.

The El Paso Southern launched last year was the first non-Navy ship the Newport News yard has built in almost eight years. Even now, with the new commercial yard, three-fourths of the shipyard's backlog involves Navy contracts.

Cousins has lashed out at the Carter administration for its handling of a multibillion-dollar contract for the renovation of several aircraft carriers.

The administration announced about three months ago that it was sending the aircraft carrier Saratoga, the first of four to eight carriers to be renovated, to the Philadelphia Naval Shipyard rather than the Newport News yard for a half-billion-dollar rebuilding job.

Vice President Walter Mondale announced that the move fulfilled a campaign promise.

But Newport News officials cried foul, saying they could do the work "cheaper and better."

THE PHILADELPHIA YARD would have to hire and train 2,600 to 2,800 workers for the renovations, and it would have to complete about \$25 million in construction to its facilities to handle the work, Griffith said.

Newport News Shipbuilding would handle the renovations with its present force and with a minimal amount of renovations to its facilities, Griffith said.

(Since that assignment to the Philadelphia yard, Rep. Paul S. Trible Jr., R-Ist, and Sen. Harry F. Byrd Jr., Ind-Va., have fought the move, and Congress has passed a "Saratoga amendment" requiring studies of the relative costs at the two yards before it appropriates the renovation money.)

The Navy has already acknowledged that the work would cost about \$30 million more per carrier at Philadelphia. Newport News officials believe the figure is closer to \$100 million.

In another battle between Newport News Shipbuilding and the federal government, the shipyard is seeking \$346 million from the Navy for cost overruns of \$742 million on Navy contracts, Griffith said.

IN COST OVERRUNS, the Navy and the shipyard share added costs up to a set ceiling, after which the shipyard must bear all the additional costs.

In the disputed contracts, the costs surpassed those ceiling figures.

But the shipyard contends that the Navy made design changes that required the additional costs and therefore should be responsible for part of the overruns, Griffith said.

The matter could take years to decide, while the shipyard needs the money now, its officials say.

"Last year," said Robert L. Hartsock, vice president for the shipyard's corporate development and marketing, "we earned returns of only 2 percent on sales and 2.5 percent on assets — and that was on a year of record profits."

"Without the backing of Tenneco, we certainly could not have obtained the cash needed during the past several years to keep our doors open...."

Besides these major problems with the government, the shipyard also has experienced internal concerns.

It has suffered losses that, according to some estimates, approach \$100 million on three LNG tankers it is constructing for the El Paso Natural Gas Co. The losses are the result of fixed price contracts it signed in the early 1970s, without provisions for the steep increases in materials costs, the shipyard has said.

The yard has also become involved in union battles.

The United Steelworkers of America won a representation election at the yard earlier this year over the Peninsula Shipbuilders' Association, considered by many a "company union."

The shipyard and the association have challenged the vote, but the National Labor Relations Board's regional director has recommended that the board certify the election. That decision is still pending.

If the results are certified, the new union has promised to seek higher wages and better benefits for the workers. It is generally believed that the shipyard's management can expect a tough fight at the bargaining table.

Meanwhile, the yard's designers, who affiliated with the Steelworkers before the shipyard's production workers did, remain out on strike 15 months after walking off their jobs.

And the NLRB has found the shipyard guilty of unfair labor practices in its dealings with the designers, meaning that the yard must rehire all replaced designers if it reaches a contract agreement with the designers' union.

Negotiations are continuing in the strike, but there is no end in sight.

IN ANOTHER MATTER relating to the Navy cost overruns, the Justice Department is investigating the claims to determine whether the yard committed fraud.

The yard denies any wrongdoing.

The shipyard also has been cited for several Occupational Safety and Health Administration violations involving asbestos.

OSHA fined the yard \$1,530 for failing to properly instruct workers on the use of respirators and for failing to provide all required medical examinations for workers exposed to the carcinogenic fibers.

The shipyard has said it will appeal OSHA's citations.

With all the external problems with the federal government, compounded by such internal problems as the cost overruns, the shipyard's future is uncertain, Griffith acknowledged.

"If you could tell me how many contracts we'd have in two years, I could tell you how many people we'll employ," he said.

"You can always look for new areas to use your people and facilities."

"But the work that is most labor-intensive — construction of ships — depends on the government now."

"So I just can't tell you how many people we'll have here in 1981."

QUESTIONS AND ANSWERS ON THE
NEWPORT NEWS SHIPBUILDING AND DRY DOCK COMPANY
AND THE SARATOGA DECISION

Q. Mr. President, last month the Newport News Shipbuilding and Dry Dock Company layed off a thousand production workers. Another 5000, and perhaps as many as 10,000, will be laid off if new contracts are not obtained. Newport News Shipbuilding is Virginia's largest employer. If it does not get more business there may be a severe economic depression in the Tidewater area. Will you try to direct more Navy business to Newport News Shipbuilding? Will you see that your Administration approves the construction of more liquified natural gas tankers? And specifically will you help this area by sending the carrier Saratoga to Newport News?

A. I am extremely concerned about your employment problems here in the Tidewater area and I will certainly ask the Defense, Energy and other departments and agencies to look into the specific situation at the Newport News Shipyard. I am not familiar with the specific circumstances at the Newport News Shipbuilding Company but the Secretary of the Navy expects the Navy's shipbuilding and overhaul work, which now accounts for about 15,000 total Newport News Shipbuilding employment, to remain at about its present level for the next year or two.

I want to do everything we can to prevent the kind of future layoffs that you mention and to continue to help provide jobs in the Tidewater area. The employment situation here has brightened considerably in the last year.

During the 15-month period from January 1977 through May of this year employment, statewide, in Virginia has increased by 165,000, and the unemployment rate has dropped from 6.3 percent to 4.5 percent. In the Newport News-Hampton area, in the same period, employment is up 14,100 and the unemployment rate has dropped from 6.9 percent to 5 percent. In the Norfolk area there are 23,400 more persons employed and the unemployment rate has dropped from 6.8 percent to 5.1 percent.

With respect to the carrier Saratoga, as you know, the Navy announced last April its decision to send that ship to the Philadelphia Naval Yard for refurbishing as the first of four Forrestal class carriers to be modernized under the Service Life Extension Program. I am not familiar with all the reasons that went into the Navy's decision, but I do want to point out that there are many factors which enter into that kind of decision, for example, the availability and adequacy of dry dock facilities, present and future Navy shipbuilding and overhaul needs, relative costs among shipyards with adequate facilities and other economic and defense related factors.

I know that Newport News Shipbuilding has lost some important commercial contracts recently and I understand that it has now communicated to the Secretary of the Navy its interest in contracting for the carrier Service Life Extension Program work. The Secretary is assessing the situation at Newport News in light of the circumstances which you mentioned and the Navy's overall needs.

We will do everything we can, consistent with our defense needs and budgetary constraints, to help prevent the economic dislocations and to alleviate employment problems in the Tidewater area.

- Q. Mr. President, Newport News Shipbuilding has agreed to make its North Yard facility available for the Saratoga and other "SLEP" carriers. It says it has the capacity, the trained production workers and it is willing to supplement its work force with 1500 members of the Saratoga crew. Philadelphia, on the other hand, will have to train 2600 workers and the Navy has admitted it will cost \$30 million more to overhaul the Saratoga in Philadelphia. In light of these facts, why did the Navy opt for Philadelphia?
- A. Secretary Claytor is reviewing the present situation at Newport News Shipbuilding and has asked for more detailed information on the North Yard facility which Newport News Shipbuilding had previously reserved for commercial ship construction. We will, of course, review the Newport News situation on a continuing basis. As I stated earlier, there are many economic and defense related

factors which must be taken into account in weighing the advantages and disadvantages among competing facilities for the type of overhaul work involved in the SLEP program.

- Q. Mr. President, wasn't the decision to send the Saratoga to Philadelphia made at the direction of the Vice President as a sort of payoff or quid pro quo for the closing of the Frankford Arsenal?
- A. No. The Navy decided that the Philadelphia Navy Yard was the most appropriate facility for work on the Saratoga. The Vice President did not in any way enter into that judgment.
- Q. But the Vice President announced the decision in Philadelphia.
- A. I know that the Vice President said he was pleased that Philadelphia would benefit from the 2600 jobs increase at the Philadelphia Navy Yard but he was not in any way involved in the decision itself. The judgment was made by the Navy and by the Secretary of Defense based on the many kinds of factors that I have mentioned.

THE WHITE HOUSE

WASHINGTON

August 3, 1978

Memorandum for the President

From Jim Fallows *JF*

Subject: Tobacco Warehouse Speech

I am in a distinct minority in this viewpoint, but I think you will be doing yourself unnecessary harm if you fail to make even a veiled and moderate reference to the drawbacks of tobacco in your appearance at the warehouse.

The speech we have drafted emphasizes the value of the tobacco crop to North Carolina and is quite explicit about the virtues of the small-farm tradition. That approach would be sufficient if Joe Califano's policy were not already so well known, especially in North Carolina. Unless you decide to reverse the policy, you shouldn't act as if it doesn't exist. One of our major political difficulties is the perception that our policies are inconsistent, that there is no follow-through, that we are talking out of both sides of our mouth. If you say nothing at all about a well-known policy you have previously endorsed, you will only aggravate that problem.

I think you can make the best of the situation by adding a paragraph like this before the last paragraph on page three:

"We all agree that the public should be well and objectively educated about tobacco and smoking. Those who are responsible for protecting our nation's health have a duty to investigate all threats to health--and I support them fully.

"But I am also concerned about the independent farm family..."

That's not exactly what the crowd in Wilson wants to hear, but the rest of the nation will be listening.

Mr. President - I do not concur with Jim but he makes a point. I do not think adding a paragraph about the No Smoking campaign will make the discrepancy go away so lets at least do right by North Carolina. - Jerry Rappaport

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *Jim*
SUBJECT: Tobacco Warehouse Speech

Another way to approach the smoking question, if you are reluctant to use the language I suggested before, is simply to say, "I'm not going to discuss any of the health issues of smoking today. What I want to talk about is the role tobacco plays in supporting a strong farm economy."

As a matter of practical politics, it is essential to touch this base -- just as it was essential to mention the words "human rights" when you landed in Brazil. The people in North Carolina know what the policy is; not saying anything about it will not make it go away. All that will happen if you fail to include a mention is that you will provide the fuel for another round of stories about inconsistent policies. The attached editorial from the Charlotte Observer (July 30, 1978) illustrates the state's realization that federal policy is not going to change.

Duality in U.S. tobacco policy

Secretary of Health, Education and Welfare Joseph A. Califano Jr. is at it again — issuing yet another warning against the dangers to health of cigarette smoking. Even as a visit to North Carolina's tobacco-growing region by President Carter was being planned, the HEW secretary released, with his usual fanfare, his department's 10th annual smoking report to Congress.

North Carolina might as well get used to this duality in government policy. The national government is likely to continue exercising its health-protection mandate by pointing to scientific findings of risks in cigarette smoking. And, at the same time, there will be government efforts to bolster the farm economy in tobacco-growing regions.

In his latest warning, Califano cited recent studies showing higher rates of disease among women who smoke and stressed special dangers to women who are pregnant or who are using oral contraceptives. The HEW report said that nicotine had been discov-

ered in the breast milk of mothers who smoke.

The Tobacco Institute, the cigarette manufacturers' lobbying organization, promptly termed the HEW report a "classic of bias" and said it ignored scientific criticism of its findings. Nevertheless, Califano has anchored himself with a long series of scientific reports on smoking and health that have gained credibility within the medical community and a wide segment of the American public.

There is, in fact, a large anti-smoking constituency in the United States and, to be realistic about it, it is only natural that a major government offi-

cial would seek to respond to that constituency. Even the Tobacco Institute refers to cigarette smoking as an "adult custom" and insists that the industry is not trying to convince teen-agers to smoke — an implicit recognition that doubts exist as to the wisdom of young people using cigarettes.

There can be, however, a legitimate distinction made between the smoking and health issue and the policy of government price supports for tobacco farmers. The government's tobacco program helps ensure the maintenance of family farming. It is that policy Carter seeks to re-emphasize by his trip to Eastern North Carolina. Just as Califano is representing a political constituency that wants to discourage smoking, the president is undertaking a political mission of trying to reassure those who are engaged in tobacco production.

That dual policy may not be satisfactory to the ardent advocates on either side of the smoking controversy, but it does reflect the facts of national political life.

Good Morning

Republican Congressman Robert Michel was mugged and robbed in Washington a few days after Democratic Sen. Robert Morgan was robbed. At least the crooks are showing admirable bipartisanship.

Central Prison: anachronism will fall

Elation over the prospects of a spanking new Central Prison is mixed with scattered concerns that the 1884 vintage facility will not be preserved for historical reasons. The Hunt administration probably acted wisely in getting the wrecking balls in place before the site debate went public. Even so, with the Department of Cultural Resources leading the way, there was a look inside the administration at the possibility of building the modern lockup elsewhere. In the end, the Cor-

rection Department's practical considerations and the critical replacement need won the day.

Demise of ancient and overcrowded Central will not be lamented by its 1,300 inmates, who are packed into space designed for 950 and who must endure summer temperatures that reach 120 degrees in the high cell blocks. Nor will the razing sadden top state officials, who have lived under the threat of federal intervention against the state's tightly packed facilities.

Certainly the citizens of North Carolina take no pride in a facility that should have been shut down years ago. The sentiment that clings to the cinder block bastille's architectural lines (medieval castellated) and whatever museum qualities it offers as a reminder of 19th century penology. Far Heels of the future will know this big house only from the photographs that go into the state archives collection — not from the tales handed down by those who served hard time or stood guard there.

It is to the credit of the Hunt administration and the legislature that the way has been cleared for the execution of

Children used to gather wool

Ever since the 16th century, not be accomplished systematic-

Remarks of
Admiral H. G. Rickover, U. S. Navy
at the Commissioning of the
USS MISSISSIPPI (CGN 40)
at Norfolk, Virginia
Saturday, 5 August 1978

I am happy that our Commander in Chief is here today.

It is not generally known that in 1953, while he was in the Navy's nuclear program, a radiation incident occurred at the Canadian nuclear plant in Chalk River, Ontario. To obtain experience, I asked the Canadians for permission to send a group of naval personnel to help. Lieutenant Carter was in this group. He did an outstanding job. In the process, he learned much about the practical aspects of nuclear power.

As one might expect, I am interested in his Presidency. That office today is the most difficult one in our history; the ones succeeding it will be even more difficult. It is not merely an administrative office, it is predominantly a place for moral teaching. This is now difficult. We can no longer look to the legal profession for help. It has become a large powerful group whose major object is money, not justice. The medical profession is catching up with the lawyers. Hence President Carter's hospital cost-control bill to protect the public. Large business is using financial and lobbying power to influence legislation.

Many government officials come from business. Some of them forget that they must serve all of our people; that the welfare of the people who pay them does not always coincide with the welfare of business and of lawyers. Some of these officials then depart for lucrative jobs in industry.

The only shared moral consensus we have today is religion. The Bible is replete with wisdom that comes from human experience. Among its precepts are: "The love of money is the root of all evil," and "For where your treasure is, there will your heart be also." Regardless of this age-old wisdom, many of the rich act as if shrouds have pockets.

The public is more critical of those in high office than it has ever been. It is easier to point out the flaws and fallacies of a great man than to be one. Simple and sweeping views are useful only to those who have no responsibility.

I am sure the President is often reminded of what Czar Nicholas I said: "Not I but 10,000 clerks rule Russia." Further, that he is merely the senior one of a committee of Czars.

Deep within President Carter is the knowledge that struggle is the law of growth; character is built in the storm and stress of the world; and a man reaches his full height only through compulsions, responsibilities, and suffering. With the winds of circumstances blowing in so many directions, he knows that the only sure way is to act on principle. He does what his conscience tells him is best for our people and our country. He exemplifies what Polonius said to Laertes:

This above all: to thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man.

Because of his outstanding work in the nuclear program, I have written him that, if at any time in the future he decides to leave his present employment, I will welcome him back into the Naval Reactors Program — subject, of course, to being interviewed once again to determine his qualifications. This is the highest honor I can bestow on anyone.

Mr. President, I will now present you with your record at the Canadian plant.